

Sweetening the pill

Nutricosmetics are fast becoming a lucrative part of the C&T industry, but confusing marketing positioning and claims are still hard to swallow for many consumers. Emma Reinhold reports

generated in Europe and Japan. Stringent regulations in the US mean that the market is in its relative infancy compared to elsewhere, representing just a 3% share, but the analyst says interest is growing as American consumers become acquainted with a wide array of

The concept of eating to stay healthy is nothing new, and arguably neither is eating to stay beautiful, but the last few years have seen a real push to bring nutricosmetics to the forefront of beauty, with the market awash with supplements, drinks, food and even sweets all promising to promote skin, hair and body benefits. While still a relatively niche market, the nutricosmetics sector is regarded as one to watch by industry analysts, who all agree there is potential for dynamic growth.

According to Euromonitor International, the global nutricosmetics market was worth \$1.5bn in 2008, with a 95% share of sales functional foods and drinks that promote health and beauty benefits.

Nutricosmetics have seen growth in Japan thanks to its sophisticated FOSHU legislation system. The market has reached a level of maturity not seen anywhere else and even has specialist retailers exclusively selling beauty supplements. According to Euromonitor 16% of all supplements sold in Japan are positioned as beauty supplements.

The market is growing in Europe too. In Germany for example Euromonitor says 11% of total supplements sold are beauty focused, while in the UK, the nutricosmetics market will be worth £191m in 2009, with 1.8 million users, according to Mintel.

"Women are not afraid to try out nutricosmetics and are open to the idea of sampling products that offer a range of benefits, as long as they are palatable and fit well with a busy lifestyle,"

says Eleni Grammenou, Euromonitor's OTC health care analyst.

"People are starting to experiment with other lifestyle philosophies, such as LOHAS," adds Judi Beerling, technical research manager, Organic Monitor. "The idea of nutricosmetics, of looking after your body both inside and outside fits with this."

FEELING THE PINCH

Despite a growing consumer appetite for nutricosmetics, the effects of the global economic downturn have not left the sector unscathed and as consumers tighten their belts and rein in spending, markets that rely heavily on experimentation such as nutricosmetics are feeling the pinch.

"The recession may have dampened consumer appetite for experimentation – people are now seeking cheaper ways to achieve beauty and are less likely to try out products without being convinced of their efficacy prior to purchase," explains Carrie Lennard, industry analyst, cosmetics & toiletries, Euromonitor.

"Price is a barrier," adds Nica Lewis, head consultant, Beauty Innovation, Mintel. "Sales of bottled water have gone down in the US for instance so for functional beverages the economic situation may affect some nutricosmetic formats more than others."

The first high profile casualty of this downturn has been Danone's Essensis yoghurt, which was pulled from shelves in France after a major relaunch last year. Most in the industry believe that Essensis did not have a strong enough focus on beauty to

persuade consumers to trade up from the already huge number of functional yoghurts currently available in France.

"The product got off to a promising start but then sales plummeted as consumers failed to connect with the product's functional promise and premium pricing," explains Grammenou. "Danone has clearly shown that marketing plays a pivotal role in ensuring a product's success, and educating the consumer is key to driving sales."

PERFECTING THE PITCH

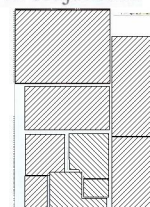
Finding the right positioning for nutricosmetics is still a challenge with further growth mired by a lack of consumer understanding. A recent survey conducted by Datamonitor in the UK found that consumers are only showing a casual interest in the sector. While only 27% were not interested at all, 49% of those surveyed saying they were interested in nutricosmetics were not actively buying the products.

"People want to believe that they can look better just by eating or drinking a product, but the truth is that many Brits are sceptical about this," explains Mark Whalley, consumer markets analyst, Datamonitor. "Manufacturers must do all they can to convince people to really get behind beauty foods because the interest is there."

One solution to this problem in Europe at least could be the introduction of new European regulatory legislation, which comes into full force next year. However specific details on how nutricosmetics and beauty foods will fit into the legislation are still hazy, which may cause more confusion.

"Currently it's not clear if beauty foods will be generally regulated under the European health claims regulations and where the concept of health begins and the beauty claim ends," explains Anja Dahten, senior consultant, analyze & realize [www.analyze-realize.com]. "It will probably depend on the individual claim wording. In general beauty claims for dietary supplements will not fall under the health claims regulation but must comply with food regulations which prohibits misleading consumers."

Manufacturers have also added nutricosmetic references to existing skin care ranges in an effort to introduce consumers to the sector. Nivea developed a beauty supplement to its Good-bye Cellulite range, which is designed to be used in conjunction



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with a topical cream of the same name, and cosmeceutical brand !QMS launched Intravital, a nutritional beauty supplement which is claimed to improve overall skin quality when used in combination with the brand's topical products.

"The majority of users understand the topical and ingestible approach and know they have to do both to get the desired results," says Lewis.

Along with a focus on regulation, greater attention is being placed on claims substantiation. "Consumers especially in European countries are increasingly asking for quality products with scientifically substantiated efficacy," continues Dahten. "More proven scientific data on product usage is expected in the near future."

"People are already aware of the different quality levels of these products – you can find multivitamins and supplements everywhere but the potency and quality is not the same," adds Erick Geoffrion, founder of Canadian brand Functionalab.

PREMIUM POWER

With this in mind there has been a significant focus on clinical tests, many of which have looked at anti-ageing benefits, particularly at the premium end of the market.

Nestlé recently published new clinical data for its Glowelle beauty drink, available on its website. The product retails at \$7 a bottle, far above that of other fortified soft drinks in the US. Nestlé however has recognised the potential financial pitfalls of its pricing and has taken the decision to retail the product through department stores instead of the traditional grocery store channel to avoid the price being made so apparent.

US department store Henri Bendel has also embraced the idea of nutri-cosmetics, putting beauty supplements into its beauty department. Functionalab has had an exclusive tie up with the store, in which in-store dieticians give consultations to consumers about its products, which include supplements and tonics. Functionalab's beauty offering includes The Beauty Dose, a line of beauty supplements for skin, hair and nails with products including Age Defense for skin damage defence and Enduring Beauty for mature skin. Geoffrion says the company has plans to expand into Brazil and the UK in 2010.

Ultra premium nutricosmetic launches have also been enjoying success in Europe. Bio Recherche Labs Oxyprolane Skin

Regeneration Dietary Complement launched in France with a price tag of €125. The product is said to aid skin regeneration and promote collagen production after aesthetic surgery.

And in the UK, Harvey Nichols has promoted BeautyScoop, a premium beauty

supplement with skin, hair and nail benefits, priced at £130. The vegetable-based powder contains a blend of peptides, vitamins and minerals, and is designed to be added to drinks. The brand says it can even be mixed into alcoholic drinks.

Retailing through department stores certainly provides the educational element that is often lacking in the sector, however Lennard points out footfall in high-end distribution channels such as department stores has fallen dramatically due to the current challenging economic climate. "Manufacturers may need to readdress their retail tactics in the short term in order to survive," she warns.

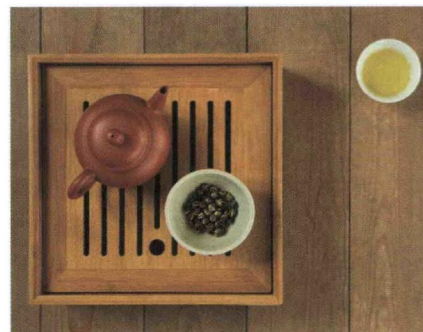
While premiumisation has been a major theme in the sector over the last 12 months, there has also been activity in the more affordable end of the market. Food manufacturer Daniels Group extended its drinks portfolio with the launch of JU, a range of functional juice drinks claimed to improve the appearance of skin, hair and nails. The four sku range retails at £1.99 and includes Hair Shine, containing apricot, coconut, milk and honey and Skin Glow, with kiwi, pear, apple and aloe vera.

Neal's Yard Remedies meanwhile introduced Beautiful Skin Tea, a blend of goji berry, rosehip, bilberry and hibiscus flower, claimed to detoxify and protect skin, and new brand Eat Yourself Beautiful has launched a line of collagen enhancing marshmallow sweets claimed to smooth lines and wrinkles, reduce cellulite and firm and tone skin. Controversially, the consumer needs to eat half a bag of the sweets a day to achieve this claim, so health concerns may outweigh the perceived beauty benefits.

The future of this market certainly looks dynamic but manufacturers need to focus on educating consumers on the benefits of nutricosmetics in order to create the opportunities for growth.

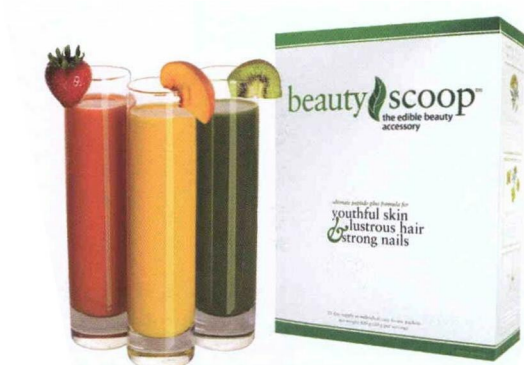
As Lewis concludes: "The reason this market has underlying growth potential is that we are moving to a future where we will have some sort of ingestible product tailored to each of us based on health,

physical needs, weather, hormones – there will be something for everyone." **cb**

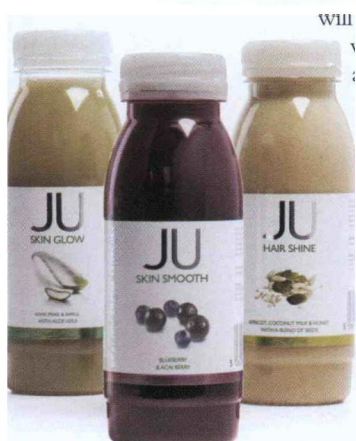


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BeautyScoop's premium pricing and department store positioning targets a more discerning consumer



Food manufacturer Daniels Group entered the market with JU juice drinks

